



OFFICE OF THE CHIEF FINANCIAL OFFICER



NCJA's National Forum Financial Management Training

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Applicable Laws and Regulations Affecting Federal Grant Funds

A stack of three folders in blue, yellow, and red colors is shown in the bottom center. The folders are slightly offset, with the red folder in front. A yellow horizontal bar is positioned behind the folders, containing the text "POLICIES & PROCEDURES".

POLICIES & PROCEDURES



Order of Precedence

1) Authorizing Legislation

- Congress

2) Federal Agency Regulation

- Code of Federal Regulation (CFR)

3) Terms and Conditions of the Award

- Grant Award Document

4) Federal Agency Policies

- OJP Financial Guide
- DOJ Grants Financial Guide



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2 CFR Part 200

Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards





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Internal Controls





Policies and Procedures

- States and other non-Federal entities must expend/account for grant funds per their own policies and procedures, applicable Federal statutes, regulations, and terms and conditions of the award.

(whichever are more restrictive)



Internal Controls

- Defined broadly, internal controls involves everything that controls risk in an organization.
- It is how resources are directed, monitored, and measured.
- Strong internal controls can ensure effective and efficient operations, reliable financial reporting, and compliance with applicable laws and regulations.



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Indirect Costs

- Indirect costs generally are costs not readily identifiable with a particular grant or contract.
- Rate must be current to claim under a grant program.
- Implements the cognizant Federal agency concept.
- Movement of funds into or out of the indirect cost category requires prior approval (GAN).



De Minimis

- Any non-federal entity that has never received a negotiated indirect cost rate may elect to charge a de minimis rate of 10% of modified total direct cost (MTDC).
- Rate may be used indefinitely or until the entity elects to negotiate for a rate.
- Costs must be consistently charged as either indirect or direct – (not both).
- Subrecipients use the same guidelines as recipients.



Grant Adjustment Notice

- 10% Deviation from Total Award \$\$
- Change in Scope of Project
- Change in Project Period (no cost extension)
- Retire Special Conditions


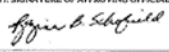


Grant Adjustment Notice

- Charge to indirect cost amount (*up or down*)
- Change of authorized signing official
- Change in mailing address
- Change in organization name
- Prior Approval of grant costs



Conditions of Award

 Department of Justice Office of Justice Programs Bureau of Justice Assistance		Grant	PAGE 1 OF 4
1. RECIPIENT NAME AND ADDRESS (Including Zip Code) City of Disney 7777 Hollywood Avenue Orlando, FL 12343		4. AWARD NUMBER: 2006-PG-BX-0995 5. PROJECT PERIOD FROM 01/01/2006 TO 12/31/2008 BUDGET PERIOD FROM 01/01/2006 TO 12/31/2008	
1A. GRANTEE (S/VENDOR NO.) 123454789		6. AWARD DATE 05/02/2006 8. SUPPLEMENT NUMBER 00	7. ACTION 0064
3. PROJECT TITLE Fiscal Year 2006 Anti-Gang Initiative (Cesta)		9. PREVIOUS AWARD AMOUNT \$ 0 10. AMOUNT OF THIS AWARD \$ 1,018,501 11. TOTAL AWARD \$ 1,018,501	
12. SPECIAL CONDITIONS THE ABOVE GRANT PROJECT IS APPROVED SUBJECT TO SUCH CONDITIONS OR LIMITATIONS AS ARE SET FORTH ON THE ATTACHED PAGE(S).			
13. STATUTORY AUTHORITY FOR GRANT This project is supported under Science, State, Justice, Commerce, and Related Agencies Appropriations Act, 2006, Pub. L. No. 109-108 (Nov. 22, 2006).			
15. METHOD OF PAYMENT PAPERS			
16. TYPED NAME AND TITLE OF APPROVING OFFICIAL Regia B. Schofield Assistant Attorney General		18. TYPED NAME AND TITLE OF AUTHORIZED GRANTEE OFFICIAL Mickey Mova Executive Director	
17. SIGNATURE OF APPROVING OFFICIAL 		19. SIGNATURE OF AUTHORIZED RECIPIENT OFFICIAL	19A. DATE
AGENCY USE ONLY			
20. ACCOUNTING CLASSIFICATION CODES FISCAL FUND BUD. DIV. YEAR CODE ACT. OFC. REG. SUB. POMS AMOUNT X B PG 80 00 00 1018501		21. F006J00332	

OPF FORM 40002 (REV. 5-87) PREVIOUS EDITIONS ARE OBSOLETE.

OPF FORM 40002 (REV. 4-85)



Conditions of Award

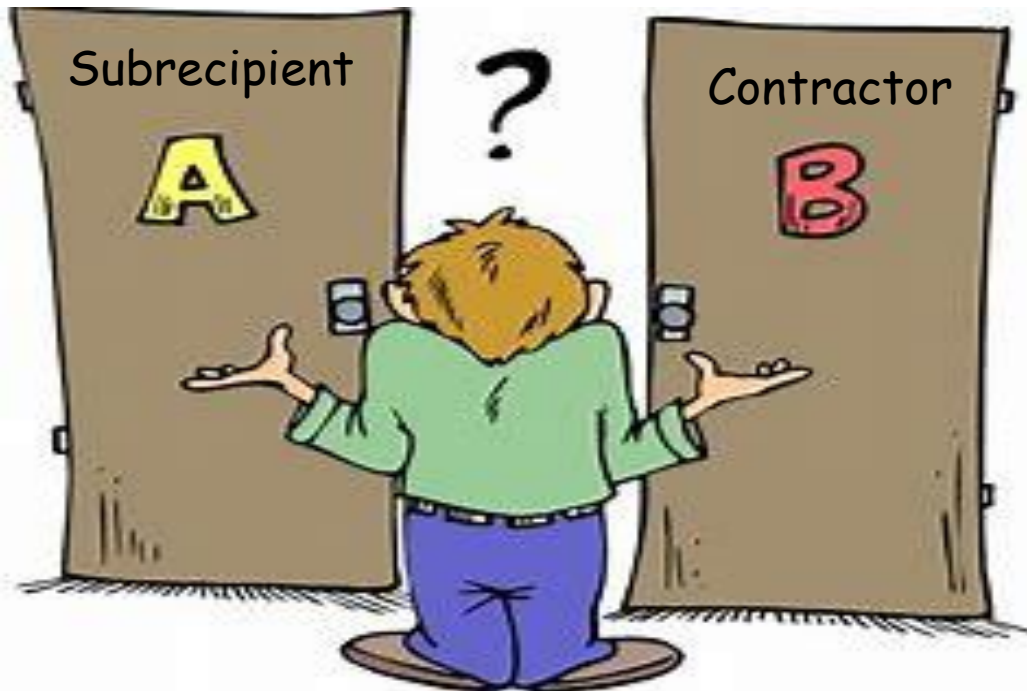
- There are 27 standard conditions of award.
- Recipients and their subrecipients must comply with all award conditions.
 - Comply with 2 CFR Part 200 & DOJ Grants Financial Guide
 - POC & FPOC financial training requirements
 - Reporting potentially duplicative federal funding
 - High-risk designation



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Subrecipient vs. Contractor Determination





Definitions

■ What is a subrecipient?

- A non-federal entity that receives a subaward from a pass-through entity to carry out part of a federal program (*Title 2 CFR 200.93*).

• What is a contractor?

- A non-federal entity that receive a legal instrument from another non-federal entity to purchase property or services needed to carry out the project or program under a federal award.



Subrecipient vs. Contractor Determination

- A non-federal entity may concurrently receive Federal funds as a recipient, subrecipient, and a contractor.
- The determination on whether an entity receiving federal funds is a subrecipient or contractor is not always straightforward.
- Therefore, the pass-through entity must determine whether each agreement cast the party receiving the funds in the role of subrecipient or a contractor.



Subrecipient vs. Contractor Determination (cont.)

- No one single factor alone will dictate one type of relationship over the other.
- In fact, an entity may possess characteristics from both sides making the determination process much more challenging.
- The Federal awarding agency may supply and require recipients to comply with additional guidance to support determination.



Subrecipient vs. Contractor Determination (*cont.*)

- The “form” (i.e. MOU, contract, etc.) is less important to the examination of a relationship than its “substance.”
- “Substance” refers to the characteristics of the arrangement and whether it casts the party receiving the funds in the role of a subrecipient or a contractor.
- Labeling an organization as a subrecipient or contractor does not dictate how DOJ will treat that relationship for federal grants administrative purposes.



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The use of subrecipients does not relieve the pass-through entity of its responsibilities.



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Subrecipient Monitoring





Subrecipient Monitoring

Pass-through entity:

- Must provide reasonable assurance that subrecipients are in compliance with Federal program guidelines and requirements.
- Perform a risk assessment of all subrecipients for noncompliance with Federal statutes, regulations and terms and conditions of the subaward.
- The risk factors used (\$ amount, new grantee, etc.) should determine the level of risk to assign to each subrecipient (i.e., low, medium or high).



Subrecipient Monitoring

Pass-through entity: (cont')

- Inform each subrecipient of CFDA title and number, award name and number, and award year.
- Advise subrecipient of requirements imposed on them by Federal laws, regulations, and provisions of contracts or grant agreement.
- Advise of any supplemental requirements imposed by the pass-through entity.
- Monitor the activities of sub-recipients to ensure funds are used for authorized purposes and performance goals are achieved.



Subrecipient Monitoring

Pass-through entity: (cont')

- Ensure that subrecipients that expend \$750,000 or more in their fiscal year follow the audit requirements in OMB Uniform Requirements (2 CFR Part 200.500).
- Ensure that the sub-recipient takes appropriate and timely corrective action.
- Issue a management decision on audit findings within 6 months after receipt of the sub-recipient's audit report.
- Require each sub-recipient to permit the pass-through entity and auditors to have access to the records and financial statements as necessary.



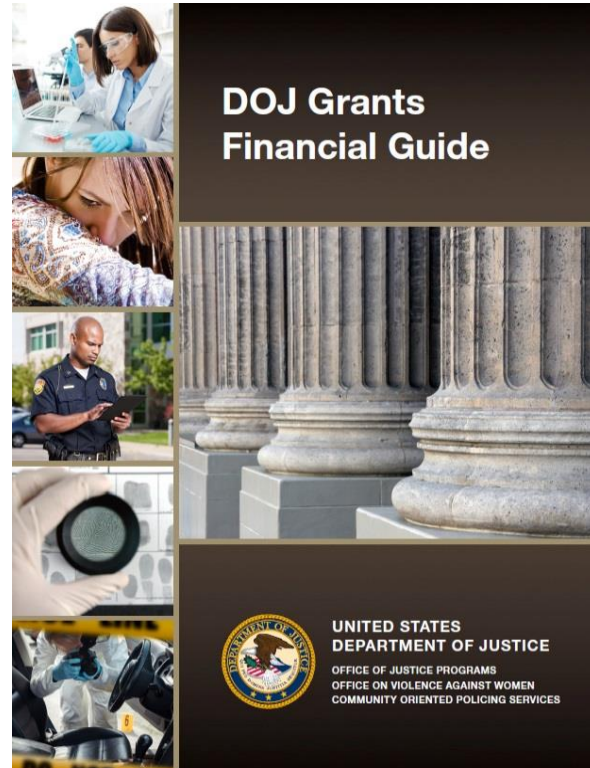
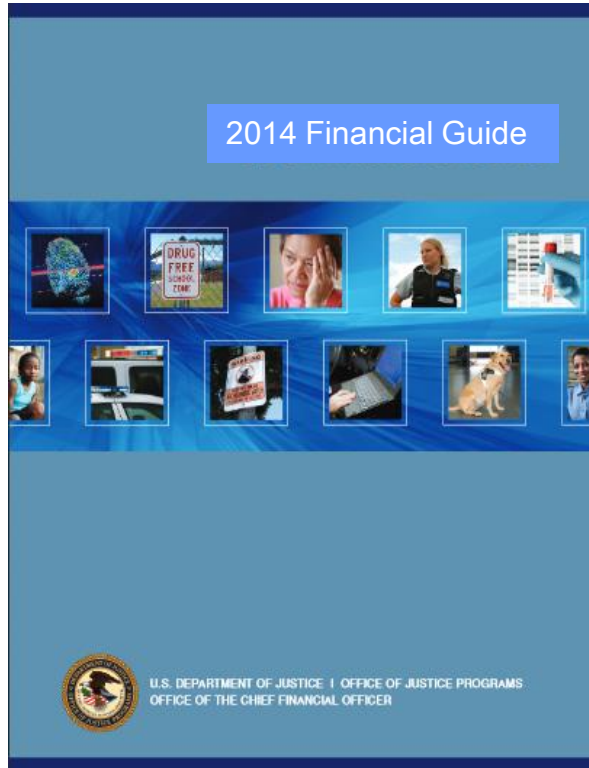
Primary Grantee's Responsibility

- The primary grant recipient is responsible for monitoring the subrecipient and ascertaining that all fiscal and programmatic responsibilities are fulfilled, including compliance with Federal rules and regulations (e.g., 2 CFR Part 200, EEO compliance).



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OJP/DOJ Financial Guide



Electronic Access for the OJP/DOP Financial Guide via Internet

<http://www.ojp.usdoj.gov/financialguide>



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Questions & Answers (Q&A)

